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C O N F I D E N T I A L PANAMA 001477

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E.O. 12958: DECL: 07/28/2016  
TAGS: [EFIN](#) [PGOV](#) [SNAR](#) [PM](#)  
SUBJECT: BANK SUPERINTENDENT UNDER PRESSURE TO QUIT  
  
REF: A. PANAMA 1455 AND PREVIOUS

[1](#)B. PANAMA 1291

Classified By: Ambassador William A. Eaton - Reasons 1.5(b and d)

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Summary  
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[1](#)1. (C) Panama's Bank Superintendent Delia Cardenas said President Torrijos had asked her to resign "voluntarily," ostensibly so he could "restructure" GOP oversight of bank and financial institutions. Cardenas also told ECON Chief on July 27 that this was the first time that any of the three Presidents under whom she had served had pressured her. Cardenas' departure is particularly troublesome as it comes as the drug prosecutor's office is in turmoil, may involve a nexus to on-going money laundering investigations, and is yet another example of Torrijos Administration's challenges to independent voices in the GOP. The Ambassador has underscored the importance independent regulatory oversight of the financial sector. End summary.

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Background  
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[1](#)2. (U) As Superintendent since 1998, Cardenas has enjoyed a solid reputation as an independent regulator. After the OECD and other international organizations blacklisted Panama's \$45 billion bank sector for its loose controls over money laundering, Cardenas instituted strict "know your customer" requirements and other measures to repair the sector's credibility.

[1](#)3. (C) Noting that "you can't fight a President who wants change," she said Torrijos was unhappy with her proposal to exit in October upon completion of her term as President of the Association of Supervisors of Banks of the Americas (ASBA). She also declined his offer of some other GOP assignment, reportedly telling him, "If I'm not good enough for you for the Superintendency, I'm not good enough for another post."

[1](#)4. (C) In giving Econoffs a heads-up on July 24, Cardenas' deputy, Amauri Castillo, said that Cardenas had been unable to get another audience with Torrijos following their May 22 meeting and, in frustration, submitted a resignation letter to Torrijos on July 17, effective the following day. He said Torrijos immediately phoned her to ask her to postpone it for

one week. Cardenas told Econ Chief that she submitted a second letter on July 26, effective Aug. 3. News of her expected resignation hit the press July 27. In expressing concern about the independence of Panamanian law enforcement officials at a July 27 press encounter at the Attorney General's office, Ambassador also regretted news of Cardenas' resignation, noting the importance of independent regulatory oversight to the financial sector.

15. (C) Without any prompting from Emboffs, Castillo speculated that powerful Panamanian bankers may be implicated in the Rayo Montano ("Twin Oceans") drug trafficking/money laundering case (Ref B). He suggested that these bankers may have leaned on Torrijos to oust Cardenas and replace her with a more pliable appointee. (Note: The Rayo Montano case broke open on May 16, virtually the same time that Torrijos first approached Cardenas about resigning.)

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Comment  
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16. (C) Given the turmoil in the drug prosecutor's office (Ref A) and the possible nexus to money laundering by high-powered bankers, Cardenas' exit comes at an unfortunate time, particularly since Torrijos would have his chance to fill the job when her second (and mandatory last) five-year term expires in 2008. Post will watch closely to see whether Torrijos' pick to replace Cardenas is an independent voice or merely another PRD loyalist (Ref B). End comment  
EATON